

## REMARKS

In response to the Office Action mailed December 18, 2002, the Applicants submit the below remarks and respectfully request reconsideration of the application, as amended, in light of these remarks.

The Examiner rejected claims 1-3, 8-10 and 12 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent 5,794,221 (hereinafter Egendorf) in view of U.S. Patent 6,016,484 (hereinafter Williams). Claim 4 was rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of U.S. Patent 6,049,785 (hereinafter Gifford). Claims 5-6 and 11 were rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of U.S. Patent 5,978,780 (hereinafter Watson). Claim 7 was rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of a press release entitled "eBay's Deal with Wells Fargo Allows Sellers to Accept Credit" authored by J. Tessler (hereinafter Tessler).

To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. **Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.** The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

As argued below, the prior art references simply do not teach or suggest all the claim limitations of the independent claims of the present application.

Egendorf discloses an Internet billing method wherein an agreement between a customer and an Internet access provider is established and an agreement between the Internet access provider and a vendor is established (see Abstract). The agreement between the provider and the vendor allows the provider to do the billing associated with sales of vendor products over the Internet and specifies the manner in which the provider will remit funds to the vendor (Column 3, lines 19-25). The agreement between the provider and the customer allows the provider to bill the customer for goods and services purchased by the customer from vendors over the Internet and specifies the method of payment (Column 2, lines 50-65).

Contrary to the presently claimed invention, Egendorf does not teach or suggest at least determining that a vendor is qualified to accept payment instruments selected by the vendor for receiving a payment from a customer. In Egendorf, the customer and the vendor have independent agreements with the provider. The provider receives payments from the customer via a payment method specified in the agreement between the provider and the customer and remits funds to the vendor via a payment method specified in the agreement between the provider and the vendor. That is, the vendor in Egendorf does not select payment instruments for receiving payments from the customer. Furthermore, in Egendorf, no determination is made as to whether the vendor is qualified to accept payment instruments selected by the vendor for receiving payments from the customer. - NC

In the presently claimed invention, in contrast, the first user (e.g., a vendor) is able to specify which payment instruments are to be used by the second user (e.g., a customer)

for making payments. When the first user specifies his or her preference with respect to the payment instruments, a determination is made as to whether the first user is qualified to accept the selected payment instruments. As stated in the present Specification, in one embodiment, this determination is performed using a risk analysis process (page 30, lines 6-13). Hence, Egendorf does not teach or suggest at least determining that a first user is qualified to accept payment instruments selected by the first user for receiving payments, as required by claim 1 of the present application.

Williams does not help Egendorf. Williams discloses a client-based electronic monetary system emulating a wallet or a purse that is customarily used for storing money, credit cards and other payment instruments. The wallet is used when a message requesting the payment is received from a merchant system. The message may identify the payment instruments that the merchant accepts and the payment protocol preferences. Access to the wallet is restricted by a password. When access is authorized, a graphical representation of the payment instruments is presented on the display to enable the user to select a payment instrument for use in a particular transaction. Once a payment instrument is selected, a summary of the goods for purchase is presented to the user and the user enters the electronic approval for the transaction or cancels the transaction.

Accordingly, in Williams, the transaction is conducted directly between the merchant and the customer and not via an intermediary system that facilitates payment transactions between multiple participants in a transaction facility. Furthermore, Williams does not teach or suggest making a determination as to whether the merchant is qualified to accept the payment instruments that are subsequently presented on the display. That is, Williams lacks at least the same features of the presently claimed invention that are

missing from Egendorf and that require that a determination be made as to whether a first participant (e.g., a merchant) is qualified to accept payment instruments selected by the first participant for receiving payments. These features are included in the following language of claim 1:

...communicating to a first participant, via a communications network, information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility, the information to facilitate a selection by the first participant of at least one of the plurality of payment instruments that the first participant is willing to accept when receiving a payment from a second participant;

receiving payment option information from the first participant via the communications network, the payment option information identifying the selection of the at least one of the plurality of payment instruments;

determining that the first participant is qualified to accept the at least one of the plurality of payment instruments ...

Further, each of the additional references cited by the Examiner that include Gifford, Watson and Tessler does not teach or suggest at least the features of the presently claimed invention that are lacking in both Egendorf and Williams. These features of the present invention are also included in the claim language of claims 13 and 25.

Accordingly, Applicants respectfully submit that Applicants' invention as claimed in independent claims 1, 13 and 25 and corresponding dependent claims 1-12 and 14-24 is not rendered obvious by the above references, and respectfully request the withdrawal of the rejection under 35 U.S.C. § 103(a). Applicants furthermore submit that all pending claims are in condition for allowance, which is earnestly solicited.

If the Examiner determines that the prompt allowance of these claims could be facilitated by a telephone conference, the Examiner is invited to contact Marina Portnova at (408) 720-8300.

**Deposit Account Authorization**

Authorization is hereby given to charge our Deposit Account No. 02-2666 for any charges that may be due. Furthermore, if an extension is required, then Applicant hereby requests such extension.

Respectfully submitted,

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## MARKED UP VERSION OF THE CLAIMS

Please amend claims 1, 13, and 25.

1. (Amended) A method for facilitating online payment transactions between participants in a network-based transaction facility, the method comprising:

communicating to a first participant, via a communications network, information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility, the information to facilitate a selection by the first participant of at least one of the plurality of payment instruments that the first participant is willing to accept when receiving a payment from a second participant;

receiving payment option information from the first participant via the communications network, the payment option information identifying the selection of the at least one of the plurality of payment instruments;

determining that the first participant is qualified to accept the at least one of the plurality of payment instruments;

communicating the payment option information to the second participant via the communications network;

performing a risk analysis pertaining to an online payment transaction between the first participant and the second participant to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant; and

accepting personal billing information concerning the selected payment instrument if the second participant is qualified to use the selected payment instrument, the personal

billing information being accepted via the communications network to facilitate the online payment transaction between the first participant and the second participant.

13. (Amended) A system for facilitating online payment transactions between participants in a network-based transaction facility, the system comprising:

the network-based transaction facility to implement a transaction system that facilitates business transactions between a user and a further user;

a client, coupled to the network-based transaction facility, to present information identifying a plurality of payment instruments available for processing online payment transactions pertaining to corresponding business transactions, the presented information facilitating a selection by the user of at least one of the plurality of payment instruments that the user is willing to accept when receiving a payment from the further user, and to communicate payment option information of the user over a communications network, the payment option information identifying the selection of the at least one of the plurality of payment instruments; and

an online payment service, coupled to the network-based transaction facility and the client via the communications network, to receive the payment option information from the client, to determine that the first participant is qualified to accept the at least one of the plurality of payment instruments, to make the payment option information available to the further user via the communications network, to enable the further user to select a preferred payment instrument from the at least one of the payment instruments acceptable to the user, to determine whether the further user is qualified to use the preferred payment instrument based on a risk analysis pertaining to an online payment

transaction between the first participant and the second participant, and to accept personal billing information concerning the preferred payment instrument from the further user via the communications network if the further user is qualified to use the preferred payment instrument.

25. (Amended) A machine-readable medium comprising instructions, which when executed on a machine, cause the machine to perform a method for facilitating online payment transactions between participants in a network-based transaction facility, the method comprising:

communicating to a first participant, via a communications network, information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility, the information to facilitate a selection by the first participant of at least one of the plurality of payment instruments that the first participant is willing to accept when receiving a payment from a second participant;

receiving payment option information from the first participant via the communications network, the payment option information identifying the selection of the at least one of the plurality of payment instruments;

determining that the first participant is qualified to accept the at least one of the plurality of payment instruments;

communicating the payment option information to the second participant via the communications network;

performing a risk analysis pertaining to an online payment transaction between the



first participant and the second participant to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant; and

accepting personal billing information concerning the selected payment instrument if the second participant is qualified to use the selected payment instrument, the personal billing information being accepted via the communications network to facilitate the online payment transaction between the first participant and the second participant.